

# PCE EXPLORATIONS LIMITED

*Annual Report: 1970*

YEAR ENDED JANUARY 31/70



# PCE EXPLORATIONS LIMITED

OFFICERS    *Murray Watts, President and Managing Director*  
              *Murdock C. Mosher, Vice-President*  
              *G. A. Loader, Secretary-Treasurer*

DIRECTORS    *Murray Watts, Toronto, Ontario*  
                  *Murdock C. Mosher, Toronto, Ontario*  
                  *Ralph Hedlin, Toronto, Ontario*  
                  *Stanley F. Hinks, Toronto, Ontario*  
                  *D. Sirola, Cobalt, Ontario*

REGISTRAR AND    *Canada Permanent Trust Company,*  
TRANSFER AGENT    *Toronto, Ontario*

AUDITORS    *McDonald, Currie & Co.*

SOLICITORS    *Day, Wilson, Campbell,*  
                  *Toronto, Ontario*

HEAD OFFICE    *Suite 420, 159 Bay Street, Toronto*



## TO THE SHAREHOLDERS:

This report reviews 1969 operations and includes plans for the 1970 season with respect to the exploration now in progress on the fluorite-beryllium and tin-tungsten property in the Lost River Area, Seward Peninsula, Alaska. Also attached is the financial statement as of January 31, 1970, showing working capital of \$566,461.

## REVIEW OF 1969 OPERATIONS

Prospecting was carried out in various selected areas of Canada, including financial participation in joint venture projects in the Northwest Territories, North-Western Quebec and Northern Ontario.

Exploratory work in the Coppermine River properties of Northville Explorations Ltd., Teshierpi Mines Ltd., East Coppermine Explorations Ltd., and the main project of Coppermine River Ltd., did not yield any additional results of significance. Only selected claims in each case are to be kept in good standing with no further work presently planned.

The Hope Lake property of Coppermine River Ltd. – of which PCE Explorations is the largest shareholder – has its ore reserves remaining at about 4,000,000 tons averaging approximately 3% copper. These reserves are considered sufficient by PCE management to justify underground development, however this recommendation was not supported by the majority of the directors of Coppermine River Ltd.

No work was carried out on the Heiberg Sulphur Mines Ltd. claims, located in the Arctic Islands, where native sulphur discoveries were made in gypsum-anhydrite domal structures.

Recent staking of 1942 claims in the Milne Inlet area, Baffin Island, N.W.T., covering certain lead-zinc showings and associated or similar geological structures, were completed this past season. There are no plans as yet to carry out detailed investigations.

Prospecting, including aerial scintilometer work in the Sudbury area, Ontario, Mont Laurier and Nichicun Lake areas in north-western Quebec did not yield any results of significance, which led to termination of this work part way through the 1969 field season. All claims staked for their uranium interest were abandoned.

Two claim groups in the Sudbury area and one claim group in the Timmins area, (Langmuir Twp.) have been kept in good standing for nickel possibilities.

The most aggressive field effort by the company during the 1970 season was carried out on the Seward Peninsula area of Alaska, covering the full 1969 summer season. It is planned to carry out a major program of exploration and metallurgical investigation during the 1970 season on separate fluorite-beryllium and tin-tungsten deposits, plus associated minor sulphide and other minerals.

## LOST RIVER MINING CORP. LTD. PLANS FOR 1970 OPERATIONS

A subsidiary company is to be incorporated under an Ontario charter and named Lost River Mining Corporation Ltd., to acquire 256 mining claims in the Lost River area of the Seward Peninsula in Alaska from PCE Explorations Ltd., the chief vendor of the new company.

Of the total of 256 claims, 220 claims were staked by PCE while the balance were optioned from Messrs. Grothe and Pearson of Kodiak, Alaska.

The claims cover known separate deposits of tin-tungsten and fluorite-beryllium in a structural belt some seven miles long and two to three miles wide with known mineralization exposures covering about 3½ miles in length. Though two separate types of mineral deposits, they are undoubtedly related through differential zoning which in turn is associated with gneissic granite stocks, usually greisenized.

**No. 1 and No. 2 Zones:** The tin-tungsten deposits are mineralogically complex, principally consisting of cassiterite, wolframite and fluorite with abundant metal sulphides and minor amounts of rare earth elements. The largest zone of this type known to-date has been designated the No. 1 Zone and the largest known fluorite-beryllium zone has been designated the No. 2 Zone.

**Location and Accessibility:** The Lost River mineral area is located in the central York Mountains of the Seward Peninsula, about four miles from the Bering Sea coast and 24 miles from the town of Teller where a potential deep-sea harbour site is known.

Teller, in turn, is connected by motor road to Nome, Alaska, once the centre of extensive gold placer mining operations. Present access for exploratory purposes is by air from Nome, the latter being the terminal for several major air lines.

**Topography and Climate:** The terrain is rugged with high unglaciated hill sides and tops. The prevailing climate is arctic to sub-arctic and classified as one of low precipitation.

**Geology:** The area is underlain by sedimentary bed rock which has been intruded by dikes of rhyolite, rhyolite porphyry, lamprophyre and stocks of biotite granite intersected by several thrust faults, the largest being the Rapid River fault which, with four systems of normal faults, characterize the structural geology of the area.

All lode deposits of tin and associated minerals reported to-date have been found in layered rhyolite dikes near granite stocks, in altered biotite granite, or in veined bed-rock associated with granite. Four significant areas of fluorite-beryllium mineralization have been discovered to-date and geologically mapped along the Rapid River thrust fault, while a fifth occurs near an altered granite stock south of the fault.



**Minerals and Reserves, No. 1 Zone:** Minerals identified from the No. 1 Zone include cassiterite, wolframite, fluorite, stannite, chalcopyrite, galena, pyrite, sphalerite, arseno-pyrite, molybdenite, stibnite, bismuthinite, cadmium, indium, beryllium and silver.

Measured and indicated reserves total 305,500 tons grading 1% tin and tungsten oxide combined. Total reserves and potential resources in the No. 1 Zone have been estimated to contain about 5,000,000 tons additional grading more than or equal to 0.3% tin, associated with lesser tungsten and other sulphide minerals as stated above.

Only the higher grade tin has been mined underground in the past, milled on a 100-tons-per-day basis. It was not commercially profitable at that low rate.

Present economic interest lies in the possibilities in both No. 1 and No. 2 zones to indicate sufficiently large tonnages of lower grade minerals to produce on a low cost, mass-mining basis for a profitable operation. The aim would be to produce as many commercially acceptable type concentrates as possible, rather than tin only.

**Minerals and Reserves, No. 2 Zone:** The No. 2 Zone is a non-pegmatitic replacement fluorite-beryllium deposit in a carbonate host rock. Volumetrically, the mineralized rock consists of fluorite (45% - 65%), diaspore (5 - 15%), tourmaline (0 - 10%), white mica (0 - 5%) and chrysoberyl (3 - 10%). Chrysoberyl and diaspore are the most significant beryllium minerals.

No reserves have been calculated for this zone. However, geological and structural evidence from preliminary exploratory drilling along a strike length of 2300 feet and holes 500 feet apart carried out for a maximum of 200' down dip by the U.S. Geological Survey, suggest the possibility of a minimum of 2,000,000 tons grading at least 50%  $\text{CaF}_2$ , and 0.3%  $\text{BeO}$ . It is open on strike and to depth on dip.

The dip of this zone is  $18^\circ$  south with a true width suggested of about 30 feet of the above grade while lower grade disseminated mineralization is distributed over true widths of up to 200 feet to 300 feet along an exposed length of about 4000 feet on surface.

First exploratory diamond drilling targets have now been assigned to this zone with top priority given to investigating the possibilities of indicating major reserves in fluorite, since it is a sedimentary bedded deposit and no known structural reason why it should not persist on strike and to depth.

Also, initial priority is given to exploration of the fluorite because of the extensiveness of the local occurrences, the possible extensions on strike and dip of known occurrences, their good grade, the encouragement in beneficiation tests to produce acid grade. Also important is the present and future market demand, assuring a trend to a favourable and increasing sales price. The proximity to the sea-coast and a potential

deep-sea harbour site near Teller also assures low-cost bulk cargo freighting for outgoing shipments and incoming supplies.

This deposit has been reported of relatively recent date only. It was discovered by Dr. Pete Sainsbury of the United States Geological Survey after all underground and related tin mining operations had been terminated in 1955.

Past work, financed mostly by funds from the U.S. Geological Survey or the Department of Mines, consisted of: Geological, geophysical and geochemical mapping; A total 14,459.6 feet of diamond drilling in the No. 1 Zone; A total of 2,554 feet of diamond drilling in the No. 2 Zone; A total of 8,055 feet of diamond drilling in the No. 3 Zone.

During the production and development of the property (then known as Lost River Tin Mine) underground work included 3,779.5 feet of diamond drilling, 4,537 feet of drifting and cross cutting, 1108 feet of raising and 800 feet of sinking in two shafts, one from surface and the other internal.

During the 1951-1954 production history of the tin recovery, the mill feed averaged 1.13% Sn yielding a concentrate of 52% Sn and an average tin recovery of 60.8%. The mill circuit was designed to recover tin only. The operators at that time did not consider the possibilities of low cost mass mining of the extensive, lower grade zones with their beneficiated recovery of as many commercially acceptable concentrates as it may be possible to produce.

**Metallurgy - No. 1 and No. 2 Zones:** The company has had carried out preliminary metallurgical or beneficiation type test work by the Battelle Memorial Institute at Columbus, Ohio. This has indicated that it is technically feasible to recover up to 80% of the tin in a concentrate assaying up to 70% Sn and up to 80% of the tungsten in a concentrate assaying up to 70%  $\text{WO}_3$ .

The University of Alaska has been engaged to continue special studies on the beneficiation of the tin and tungsten first, then the associated sulphides and rare earth minerals of the No. 1 Zone.

Current preliminary results on the No. 2 Zone indicate that it will be possible to produce an acid grade 97%  $\text{CaF}_2$  fluorite (or fluorspar) with an 85% recovery and low impurities, reducing the beryllium to only 55 ppm in the fluorspar concentrate.

Priority in this test work was given to laboratory production of an acid grade fluorite (or fluorspar) concentrate containing acceptable low impurities to suit the steel and aluminum smelters. As beryllium minerals would divert to the tails, a decision will have to be made on the matter of later or follow-up research to recover as much of this mineral as possible for future income purposes, once sufficient ore reserves are indicated to justify such work.



All metallurgical test work completed to-date is preliminary but highly encouraging. It now justifies proceeding with the initial phases of diamond drilling exploration currently underway on the No. 2 Zone.

**Marketing:** The present and future marketing trends for saleable fluorite products, especially of acid grade, suggest a shortage in world reserves within the near term future. Indeed, the market requirements are predicted to double by 1974, so that the present selling price of about \$60 per ton for acid grade seems assured for the near and longer term future. The United States imports about 90% of its needs, almost all from Mexico.

### Economic Considerations:

1) The proximity of the sea-coast for supplies and the potential for a deep-sea harbour site near Teller, only 24 miles from the property, indicates that low shipping freight costs can be achieved if, as, and when large scale reserves for either or both No. 1 and No. 2 Zones can be proven for low-cost mass mining purposes, whether by open pit or by underground methods, using the maximum in mechanization and automation.

2) Low cost fuel can be obtained by tanker as incoming freight from local oilfields or large scale low-cost hydro-electric power developments might be considered from the Tuk-Stuk River only 30 miles from the property, the latter of course only in case of other additional mineral developments and the needs of the local population, since the capital costs of development would be relatively high.

3) Like Northern Arctic Canada, workers and housing for townsite development are prime considerations. With the progress in oil developments in Alaska, with attendant progress in all forms of fuel for power and transport, along with access road construction and the needs for local employment, it can be expected that State and U.S. Government interest will be aggressive.

4) The staking of claims and the optioned claims covering seven miles on strike of geological structure associated with the mineral deposits containing fluorite-beryllium as one type and tin-tungsten for another, it is also important to provide reasonable assurances of developing long term future reserves beyond those of the No. 1 and No. 2 Zones, once their feasibility is proven.

5) A 4000-ft. air strip and camp buildings are available on the property. The Government is now planning an access road, scheduled for completion this summer to connect between the property and the Nome-Teller road. A ferry will be necessary for a short water crossing at Teller.

### Summary of Recommendations & Estimated Costs

#### Phase I - January 1 to April 30, 1970

Mobilization, metallurgy, freight on drills, airplane charter support, consultants and engineering. \$100,000.

#### Phase II - May 1 - July 14, 1970

Diamond drilling - (3,000') , supplies, consultants, engineering, food, fuel, travel, metallurgy. \$100,000.

#### Phase III - July 15 - Sept. 14, 1970

Diamond drilling (4000'), Engineering, supplies, travel, metallurgy, consultants \$100,000.

#### Phase IV - Sept. 15 - November 14, 1970

Diamond drilling (6000'), engineering, supplies, travel, freight, consultants, plane charter and metallurgy \$100,000.

#### Phase V - November 15 - December 31, 1970

Engineering, travel, reports, supplies, etc. \$ 60,000.  
consultants, metallurgy, research, post site engineering \$ 70,000.  
Miscellaneous & Contingency - 15% approx. Total \$530,000.

#### Note:

The field exploration program will be re-assessed at the ending of each phase for work revisions and budget-cost control purposes.

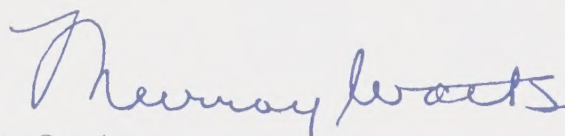
### ACKNOWLEDGEMENT

Mr. Jack Austin, of Vancouver, has resigned as a director of the company to become deputy-minister of the Department of Mines, Energy and Resources, for the Government of Canada, Ottawa, Ontario, while Mr. Mervin Davis, also of Vancouver, has resigned for reasons of health.

Mr. Ralph Hedlin, President of Hedlin, Menzies, and Associates Ltd., Consulting Economists, has replaced Mr. Austin. Mr. Stanley F. Hinks has replaced Mr. Davis.

The company wishes to gratefully acknowledge the assistance given to the field during the past season, by Mr. John Graham, P.Eng., Mr. Ron Sheardown, field manager, and more lately by Dr. Michael Jeremic, chief geologist.

ON BEHALF OF THE BOARD OF DIRECTORS



Toronto, Ontario  
July 6, 1970.

Murray Watts, President

# PCE EXPLORATIONS LIMITED

## *BALANCE SHEET* AS AT JANUARY 31, 1970

### ASSETS

	1970 \$	1969 \$
CURRENT ASSETS		
Cash .....	590,105	868,261
Accounts receivable .....	<u>8,471</u>	<u>34,998</u>
	598,576	903,259
INVESTMENTS IN UNLISTED MINING COMPANIES — at cost (note 1)	<u>830,866</u>	<u>759,051</u>
FIXED ASSETS		
Mining properties — (note 1) .....	171,337	223,337
Prospecting equipment — at cost .....	<u>11,907</u>	<u>11,824</u>
	183,244	235,161
OTHER ASSETS AND DEFERRED EXPENDITURE (notes 1 & 4)		
Interest in exploration participations .....	211,045	226,935
Exploration, development and administrative expenses .....	<u>289,221</u>	<u>227,738</u>
	500,266	454,673
	<u>2,112,952</u>	<u>2,352,144</u>

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of PCE Explorations Limited as at January 31, 1970 and the statements of exploration, development and administrative expenses, deficit and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at January 31, 1970 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, April 3, 1970

McDONALD, CURRIE & CO.  
Chartered Accountants.



## LIABILITIES

	1970 \$	1969 \$
CURRENT LIABILITIES		
Accounts payable and accrued liabilities .....	<u>32,114</u>	<u>22,522</u>

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK (note 2)

Authorized –  
7,500,000 shares of a par value of \$1 each

Issued and fully paid —

6,825,000 shares .....	6,825,000	6,825,000
Discount thereon (net) .....	<u>3,612,078</u>	<u>3,612,078</u>
	<u>3,212,922</u>	<u>3,212,922</u>

DEFICIT .....	1,132,084	883,300
	<u>2,080,838</u>	<u>2,329,622</u>
	<u>2,112,952</u>	<u>2,352,144</u>

Signed on behalf of the board

MURRAY WATTS, Director

MURDOCK C. MOSHER, Director

# PCE EXPLORATIONS LIMITED

## STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSES

For the Year Ended January 31, 1970

	1970 \$	1969 \$
BALANCE — Beginning of Year .....	227,738	156,730
Expenditures during the year —		
Exploration and development —		
Assays .....	11,247	1,369
Drafting .....	3,548	—
Drilling .....	2,616	32,979
Engineering .....	3,017	12,081
Exploration .....	43,722	77,587
Flying .....	28,378	8,294
General .....	8,626	19,891
Licences .....	1,948	783
Staking .....	3,478	19,766
Travel .....	30,773	2,667
Wages .....	33,839	21,447
	<u>171,192</u>	<u>196,864</u>
Administrative —		
Accounting .....	4,012	3,477
Advertising and promotion .....	7,125	8,313
Drafting .....	—	252
Employees' benefits .....	962	2,959
Engineering .....	12,000	16,645
Fees and licences .....	781	1,365
General .....	5,576	17,453
Insurance .....	(731)	581
Legal and audit .....	16,539	19,122
Rent .....	900	900
Secretarial .....	3,952	1,470
Shareholders' information .....	10,244	13,173
Telephone and telegraph .....	7,218	6,949
Transfer agents' fees .....	9,783	8,337
Travel .....	5,145	6,395
Wages .....	32,776	9,142
	<u>116,282</u>	<u>116,533</u>
Less: Interest on deposits .....	46,502	
Miscellaneous income .....	<u>9,605</u>	
	<u>56,107</u>	<u>61,027</u>
	<u>60,175</u>	<u>55,506</u>
	<u>459,105</u>	<u>409,100</u>
Less: Amount written off .....	169,884	90,279
Proceeds from sale of mining claims .....	—	81,037
Investment in unlisted mining companies .....	—	10,046
	<u>169,884</u>	<u>181,362</u>
BALANCE — End of Year .....	<u>289,221</u>	<u>227,738</u>



# PCE EXPLORATIONS LIMITED

## STATEMENT OF SOURCE AND USE OF FUNDS

For the Year Ended January 31, 1970

SOURCE OF FUNDS	1970 \$	1969 \$
Share issue .....	—	952,813
Interest earned .....	46,502	61,027
Miscellaneous income .....	9,605	—
Proceeds from sale of mining claims and properties .....	—	87,437
Sale of motor vehicle .....	800	—
Sale of shares in unlisted mining company .....	926	—
	<u>57,833</u>	<u>1,101,277</u>
USE OF FUNDS		
Purchase of investments in unlisted mining companies .....	72,741	301,541
Purchase of prospecting equipment .....	2,284	4,373
Acquisition of mining properties .....	25,500	46,350
Increase (decrease) in joint exploration participations .....	(15,890)	203,442
Exploration, development and administrative expenditure .....	287,474	313,397
	<u>372,109</u>	<u>869,103</u>
INCREASE (DECREASE) IN WORKING CAPITAL .....	<u>(314,276)</u>	<u>232,174</u>
WORKING CAPITAL — BEGINNING OF YEAR .....	880,737	648,563
Increase (decrease) in working capital .....	(314,276)	232,174
WORKING CAPITAL — END OF YEAR .....	<u>566,461</u>	<u>880,737</u>

## STATEMENT OF DEFICIT

For the Year Ended January 31, 1970

	1970 \$	1969 \$
BALANCE — Beginning of Year .....	883,300	767,758
Mining properties written off .....	77,500	25,263
Exploration, development and administration expenditures in respect thereof .....	169,884	90,279
Loss on sale of motor vehicle .....	1,400	—
	<u>248,784</u>	<u>115,542</u>
BALANCE — End of Year .....	<u>1,132,084</u>	<u>883,300</u>



# PCE EXPLORATIONS LIMITED

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended January 31, 1970

### 1. VALUATION OF ASSETS

Investments in unlisted mining companies are shown at cost to date. Mining properties, other assets and deferred expenditure are shown at cost to-date less amounts written off. The amounts shown are not intended to represent present or future values.

### 2. CAPITAL STOCK

The directors of the company have reserved out of the unissued capital of the company, 100,000 shares for employee incentive options, which options will be allocated in amounts and prices set by resolution of the board of directors. Approval of the incentive options has been obtained from the Vancouver Stock Exchange and is pending from the Toronto Stock Exchange.

### 3. CONTINGENT LIABILITIES

An action in the Supreme Court of Ontario against the company and its associates which alleged claims for breach of contract in the staking of certain mining claims in the Coppermine River Area of the Northwest Territories has been dismissed with costs. The plaintiffs have appealed from this decision but in the opinion of counsel for the Company, the appeal is without merit.

The Company owns 131,966 shares of the capital stock of Muskox Mines Limited at a cost of \$35,020.

The President of the Company and the Company are named as defendants (together with other participants in a syndicate known as the Muskox Syndicate), in a writ issued in the Supreme Court of Ontario, under the terms of which the plaintiff claims that certain of the defendants are not entitled to an interest in the assets of Muskox Syndicate or in the shares of Muskox Mines Limited. Muskox Mines Limited was incorporated pursuant to the syndicate agreement. Judgments have been delivered dismissing the plaintiff's motion for an interim injunction with costs and dismissing the plaintiff's application for leave to appeal. The claims for declaration and a permanent injunction have been set down for trial. In the opinion of counsel for the Company, the Company has a valid defense to the action.

### 4. OPTION AGREEMENTS OUTSTANDING

- (1) The Company has the right to acquire in consideration for further monies which might be expended according to a participation agreement, all or any part of 273,482 shares of Teshierpi

Mines Limited at \$0.50 per share on or before December 31, 1971; all or any part of 250,000 shares at \$0.75 per share on or before December 31, 1972, and all or any part of 250,000 shares at \$1 per share on or before December 31, 1973.

Subsequent to January 31, 1970 the Company acquired 211,035 shares of Teshierpi Mines Limited at \$0.50 per share.

- (2) The Company has the right to acquire, in consideration for \$20,000 advanced according to a participation agreement, 80,000 shares of the capital stock of Northville Explorations Limited at a valuation of 25¢ per share (since acquired). The Company has the right to acquire further shares of the capital stock of Northville Explorations Limited in consideration of participating in further work on the properties owned by Northville in the following amounts:

40,000 shares at a price of 30¢ per share on or before October 31, 1969

40,000 shares at a price of 40¢ per share on or before September 1, 1970

40,000 shares at a price of 50¢ per share on or before October 31, 1970

The Board of Directors of Northville subsequently agreed to extend the due dates noted above for an unspecified time.

- (3) The Company has options to acquire a further 114,998 shares of Coppermine River Limited at a price of \$1 per share exercisable on or before April 1, 1971.
- (4) Under an agreement dated January 30, 1970 the Company has the right to acquire mining claims, buildings and equipment in Alaska. The consideration consists of U. S. \$10,000 which was paid on January 30, 1970 and further amounts payable in U.S. dollars as follows:

\$120,000 on or before January 15, 1971

50,000 on or before January 15, 1972 and January 15, 1973

100,000 on or before January 15, 1974 and January 15, 1975

220,000 on or before January 15, 1976

With the exception of the amount due on January 15, 1971 interest is at the rate of 6% payable annually.







*PCE Explorations Limited-Annual Report/1970*



# PCE EXPLORATIONS LIMITED

Head Office: Suite 420, 159 Bay Street, Toronto 1, Ontario

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of the Company will be held on Thursday the 30th day of July, 1970, at the hour of 11:00 o'clock in the forenoon (Toronto time) at the King Edward Sheraton Hotel, Hampton Court Room, Toronto, Ontario for the following purposes:

1. To receive the financial statements of the Company for the year ended January 31st, 1970, together with the report of the auditors thereon;
2. To elect directors;
3. To appoint auditors and to authorize the directors to fix their remuneration;
4. To transact such further or other business as may properly come before the meeting or any adjournments thereof.

Shareholders who are unable to attend the meeting in person are asked to complete, date, sign and return the enclosed form of proxy before the meeting in the enclosed envelope provided for this purpose.

A copy of the Annual Report for the year ended January 31st, 1970, which includes the financial statements of the Company as at January 31st, 1970, a form of proxy and an information circular accompany this notice.

DATED at Toronto this 14th day of July, 1970.

By Order of the Board,

G. A. LOADER,

Secretary.



# PCE EXPLORATIONS LIMITED

Head Office: Suite 420, 159 Bay Street, Toronto 1, Ontario

## INFORMATION CIRCULAR

as at July 2nd, 1970

This Information Circular accompanies Notice of the Annual General Meeting of Shareholders of PCE Explorations Limited (herein called the "Company") called for the 30th day of July, 1970, and is furnished in connection with a solicitation of proxies for use at that meeting. The Report of the Directors, including the audited financial statements for the year ended January 31st, 1970, accompanies this Circular.

### APPOINTMENT AND REVOCATION OF PROXIES

A SHAREHOLDER DESIRING TO APPOINT SOME PERSON (WHO NEED NOT BE A SHAREHOLDER) OTHER THAN THOSE SPECIFIED IN THE ENCLOSED FORM OF PROXY, TO REPRESENT HIM AT THE MEETING, MAY DO SO BY CROSSING OUT THE NAMES OF THE PERSONS DESIGNATED AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND RETURNING THE COMPLETED PROXY IN THE ENCLOSED ENVELOPE PROVIDED FOR THIS PURPOSE BEFORE THE MEETING, OR MAY SUBMIT ANOTHER PROXY.

In addition to revocation in any other manner permitted by law, any shareholder returning the enclosed form of proxy may revoke the same by instrument in writing duly executed by him or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized, and deposited either at the head office of the company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of such meeting on the day of the meeting, or adjournment thereof, and upon either of such deposits, the proxy is revoked.

### PERSONS MAKING THE SOLICITATION

THE ENCLOSED PROXY IS BEING SOLICITED BY THE MANAGEMENT OF THE COMPANY. Solicitations will be made by mail, telephone or other personal contact to be made without special compensation by regular employees, officers and directors of the Company. The cost of solicitation will be borne by the Company. The Company may reimburse shareholders' nominees or agents for the cost incurred in obtaining from their principals authorization to execute forms of proxy.

### EXERCISE OF DISCRETION BY PROXY

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed, subject to the terms of Section 75f of the Corporations Act (Ontario), as amended, which provides that if the aggregate number of shares represented at a meeting by proxies required to be voted for or against a particular matter or group of matters, carries to the knowledge of the Chairman of the meeting, less than 5% of the voting rights attached to the shares entitled to vote and represented at the meeting, the Chairman of the meeting has the right not to conduct a vote by way of ballot on any such matter or group of matters unless a poll is demanded at the meeting. SUCH SHARES WILL BE VOTED FOR THE ELECTION OF DIRECTORS, AND THE APPOINTMENT OF AUDITORS AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR. The enclosed form of proxy confers discretionary authority upon the person named therein with respect to amendments or variations to matters identified in the Notice of meeting, and with respect to other matters which may properly come before the meeting. At the date hereof, the management of the Company does not know of any such amendments, variations or other matters to come before the meeting other than the matters referred to in the Notice of meeting.



## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the company consists of seven million, five hundred thousand (7,500,000) shares with a par value of \$1.00 each, of which there are issued and outstanding as fully paid 6,825,000 shares. Each holder of a share of record on the day of the meeting is entitled to one vote for each such share held. To the knowledge of the directors and senior officers of the Company, no person or company beneficially owns, directly or indirectly, equity shares carrying more than 10% of the voting rights attached to all equity shares of the company.

## REMUNERATION OF MANAGEMENT AND OTHERS

No remuneration was paid or is payable by the Company to its directors and senior officers during the Company's last completed financial year ended January 31st, 1970 and no pension or other benefits are payable.

The directors of the company have reserved out of the unissued capital of the company one hundred thousand (100,000) shares for employee incentive options, which options will be allocated from time to time in amounts and prices by resolution of the Board of Directors and after acceptance of notice thereof by the Toronto and Vancouver Stock Exchanges. The aforesaid stock exchanges have approved of the establishment of this incentive stock option plan. To date, 10,000 shares at \$1.05 per share have been allocated to Mr. G. A. Loader, the Secretary-Treasurer of the Company and a further 25,000 shares at the same price to Mr. Ronald C. Sheardown, an employee of the company, which options are exercisable until March 1st, 1973. None of the aforesaid options have been exercised.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

(1.) By agreement dated June 1st, 1970, between Lost River Mining Corporation Limited (hereinafter referred to as "Lost River") and the Company, the Company assigned to Lost River all right, title and interest in and to an agreement dated as of the 30th day of January, 1970 between the Company and Messrs. Lenhart J. Grothe and Clayton T. Pearson, both of Kodiak, Alaska, U.S.A., (hereinafter referred to as the "Prime Agreement"), covering an option to purchase 36 patented and unpatented lode and placer mining claims located in the Cape Nome Recording District, State of Alaska and all mining plant, buildings, machinery, tools, appliances, and equipment located on the said mining claims and in the immediate vicinity thereof, and an additional 220 unpatented lode and placer mining claims in the same area which were staked by the Company at an approximate cost of \$5,000.00, in consideration of the allotment and issue of 750,000 shares of the capital stock of Lost River, 10% of which were issued as free shares and the balance placed in escrow, and the sum of Forty Thousand Dollars (\$40,000.00), being reimbursement of expenses incurred by the company on the said claims prior to the incorporation of Lost River.

Of the said 750,000 shares, the Company received a total of 550,000 and the balance thereof, namely 200,000 shares were allotted and issued to certain prospector interests as follows:

Mr. Murray Watts,  
55 Bayview Ridge,  
Willowdale, Ontario,  
the President of both the Company  
and Lost River — 125,000 shares

Ronald C. Sheardown,  
52 Brian Drive,  
Willowdale, Ontario,  
an Officer and Director of Lost  
River — 37,500 shares

Pearse M. Walsh,  
Box 179,  
Nome, Alaska — 37,500 shares

The Prime Agreement provided for the initial payment of \$10,000.00 U.S. to Messrs. Grothe and Pearson, which amount was paid by the Company, and the balance of \$640,000.00 U.S. is now payable by Lost River as follows:

- (a) The sum of \$120,000.00 U.S. on or before January 15th, 1971;
- (b) The further sums of \$50,000.00 U.S. on or before January 15th, 1972, and January 15th, 1973;
- (c) The further sums of \$100,000.00 U.S. on or before January 15th, 1974 and January 15th, 1975;
- (d) The further sum of \$220,000.00 U.S. on or before January 15th, 1976.



The Company subsequently entered into an agreement dated the 24th day of June, 1970 with Lost River, whereby the Company on its own behalf, has agreed to purchase 200,000 treasury shares of Lost River at 50¢ per share, in consideration of which, the Company will hold options on two blocks of 200,000 each at 60¢ and 70¢ per share respectively. It is proposed that a further 400,000 shares of Lost River will be distributed on an option basis to net the Treasury of Lost River a further \$200,000.00.

All of the foregoing is subject to the acceptance by the Ontario Securities Commission of a prospectus by Lost River.

(2.) By Agreement dated June 24th, 1970 between the Company and Cherokee Manganese Mining Corporation Limited, Suite 420, 159 Bay Street, Toronto, Ontario (hereinafter called "Cherokee"), Cherokee agreed to purchase and the Company agreed to sell 125,000 shares of the capital stock of the Company for \$75,000.00. Mr. Murray Watts, the president of the Company, beneficially owns 41% of the equity shares of Cherokee.

## MANAGEMENT CONTRACTS

Management functions of the Company are not performed by persons other than the directors or senior officers of the Company.

## ELECTION OF DIRECTORS

The Board consists of 5 directors who are elected annually. The management does not contemplate that any of the following proposed nominees will be unable to serve as a director if elected, BUT IF THAT SHOULD OCCUR FOR ANY REASON PRIOR TO THE MEETING, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY RESERVE THE RIGHT TO VOTE IN THEIR DISCRETION FOR ANOTHER NOMINEE AS DIRECTOR. Each director elected will hold office until the next annual meeting or until his successor is duly elected, unless his office is earlier vacated in accordance with the By-laws of the Company.

Name	Positions and offices with the Company presently held	Shares Beneficially owned (directly or indirectly) as of the date hereof	Period of Service as a Director	Principal Occupation or Employment for the past 5 years
*MURRAY WATTS	President and Managing Director	(See below)	Since December 6th, 1957	Mining Engineer and Prospector self-employed
**MURDOCK C. MOSHER	Vice-President and Director	(See below)	Since December 15th, 1965	Prospector self-employed
DONALD SIROLA	Director	1	Since December 15th, 1965	Prospector self-employed
***RALPH HEDLIN	Director	(See below)	Since May 29th, 1970	President, Hedlin Menzies & Associates Limited
STANLEY FREDRICK HINKS	Director	1	Since May 29th, 1970	Accountant and Administration Manager, Allied Colour Film Service Limited, 111 Bathurst Street, Toronto, until March 1970. From April 1970 to date, Project Manager with P.C.E. Explorations Limited.

\*Apart from his one director's qualifying share, Mr. Watts holds all the issued and outstanding shares of Assembly Mines Limited, which Company holds 85,000 shares of the capital stock of the Company.

\*\*Mr. Mosher, through his wholly-owned Company, M.C.M. Investments Limited, holds 9,000 shares in the capital stock of the Company, together with an additional 4,001 shares in his own name.

\*\*\*Mr. Ralph Hedlin, through Renown Management Services Limited, which is approximately 87%-owned, holds 5,000 shares in the capital stock of the company, together with an additional 5,001 shares in his own name.

## APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of McDonald, Currie and Co. as auditors of the Company, to hold office until the next Annual Meeting of shareholders.

## GENERAL

1. By Agreement dated November 24th, 1967, as amended, between the Company, Cominco Ltd., Newconex Canadian Exploration Limited, Conwest Exploration Company Limited, Pan American Canada Oil Company Limited (now Amoco (Canada) Limited), ("the developers"), Northville Explorations Limited, ("Northville") David O. Markle and Gordon Leliever, the developers, in consideration of Mr. Markle agreeing to transfer to Northville a total of 117 mining claims situate in the Coppermine River Area, Northwest Territories agreed, in equal proportions, to undertake prospecting, exploration and development expenses on the claims acquired from Mr. Markle and other mining claims owned by Northville in the said Coppermine River Area and in consideration therefor received the right to receive shares in the capital stock of Northville as follows:

80,000 shares at 25¢ per share on or before September 1st, 1969; (since issued)

40,000 shares at 30¢ per share on or before October 31st, 1969;

40,000 shares at 40¢ per share on or before September 1st, 1970;

40,000 shares at 50¢ per share on or before October 31st, 1970.

The consideration paid to Mr. Markle for the said 117 mining claims was the allotment and issue of 300,000 vendor shares of Northville, which shares are all held in escrow as to 180,000 in the name of Mr. Markle and 120,000 in the name of Mr. Leliever, who has a 40% interest therein.

Under the terms of said agreement Mr. Leliever agreed to transfer and has transferred to the developers, in equal proportions, 168,750 escrowed shares of the Company at the price of 4½¢ per share and has further agreed to transfer an additional 168,750 escrowed shares pro rata to the developers' holdings of shares in the Company when additional expenditures of \$60,000.00 have been incurred on the claims.

The developers may from time to time apply in satisfaction of the amounts to be applied in acquiring the aforesaid shares, their respective commitments and actual expenditures therefor, plus any further expenditures incurred for drilling, exploration, prospecting, etc. In the event that the developers have not incurred expenditures sufficient to satisfy the allotment and issue of shares of Northville by the aforesaid due dates, then any deficiency may be made up by each of the developers advancing cash to Northville for such purpose by the due dates. The developers, or any of them, having participated in the initial expenditure of \$100,000.00 shall not be obligated to participate in any further expenditures under the said Agreement.

To date, 80,000 shares at 25¢ per share have been issued to each of the developers in consideration for such expenditures and for cash subscription in the total amount of \$100,000.00

Northville has agreed with the Developers that the aforesaid due dates shall be extended for an unspecified period of time.

No further work is planned on the Northville ground during 1970.

2. By Agreement dated February 27th, 1967, as amended, between the Company, Newconex Canadian Exploration Limited, Conwest Exploration Company Limited, Consolidated Proprietary Mines Holdings Limited and Pan American Canada Oil Company Limited (now Amoco (Canada) Limited), the Company agreed to cause Coppermine River Limited to be incorporated and arranged for the transfer to that Company of a total of 1,554 mining claims in the Coppermine River Area, Northwest Territories. Coppermine River Limited then allotted and issued a total of 750,000 shares in consideration for the said mining claims,



of which shares 565,000 are currently held in escrow in the name of PCE. The remaining shares were allotted and issued to various prospector interests and to Consolidated Proprietary Mines Holdings Limited, which Company received 15,000 shares and to Mr. Murray Watts, the President of PCE Explorations Limited, who received 60,000 shares at that time. To date the parties to the said Agreement have each subscribed for and purchased a total of 685,002 shares of the capital stock of Coppermine River Limited. PCE currently holds a total of 1,250,002 shares of the capital stock of Coppermine River Limited of which 565,000 shares are escrowed, as aforesaid. Each of the five parties has the right to purchase an additional 114,998 shares of the capital stock of Coppermine River Limited at \$1.00 per share on or before April 1st, 1971.

No further work is planned on the property.

3. By agreement dated February 13th, 1968, as amended, between the Company, Newconex Canadian Exploration Limited, Conwest Exploration Company Limited (now Amoco (Canada) Limited), and Consolidated Proprietary Mines Holdings Limited (the "developers"), Coppermine River Limited and Teshierpi Mines Limited ("Teshierpi"), the developers agreed to undertake prospecting, exploration and development expenses on certain mining claims in the Coppermine River Area acquired by Teshierpi and in consideration of the developers incurring such expenses in the minimum sum of \$500,000.00, the developers were given the right to receive all or any part of 1,000,000 unissued shares in the capital stock of Teshierpi at 50¢ per share. 906,072 of these shares have since been issued to the developers. In further consideration of the developers agreeing to incur further such expenses they now have the right to receive additional shares of Teshierpi as follows:

- (i) all or any part of 1,093,928 shares at 50¢ per share on or before December 31st, 1971;
- (ii) all or any part of 1,000,000 shares at 75¢ per share on or before December 31st, 1972;
- (iii) all or any part of 1,000,000 shares at \$1.00 per share on or before December 31st, 1973.

It was a further term of the said Agreement that Teshierpi would acquire a total of 1,884 mining claims in the Coppermine River Area as follows:

- (i) from PCE — 754 claims for 410,000 escrowed shares;
- (ii) from Coppermine River Limited — 754 claims for 410,000 escrowed shares (these claims were purchased from PCE for \$56,466.23 being PCE's cost of acquisition being subject to a right of first refusal at cost in favour of Coppermine River Limited);
- (iii) from PCE — a further 328 claims for the total sum of \$24,565.59;
- (iv) the assignment by PCE to Teshierpi of its interest in an Option Agreement dated July 22nd, 1967 between PCE and Andy Kakik of Coppermine, Northwest Territories covering a further 12 claims for the sum of \$250.00 (this option has since been abandoned by Teshierpi, PCE having paid the second option instalment of \$750.00);
- (v) from PCE a further 36 claims for \$5,400.00 plus certain minor costs.

It was a further term of the said Agreement of February 13th, 1968 that an additional 180,000 escrowed shares of Teshierpi would be allotted and issued to satisfy in full the obligations by the Company arising out of the transfer of the said mining claims to Teshierpi, to certain prospector interests.

PCE is participating in the said expenditures as to a 25% interest. The remaining participating interests are as follows:

Conwest Exploration Company Limited .....	25%
Amoco (Canada) Limited .....	25%
Newconex Canadian Exploration Limited .....	15%
Consolidated Proprietary Mines Holdings Limited .....	10%

No further work is recommended on the Teshierpi Mines ground and the claims will be allowed to lapse as they fall due. All buildings have been abandoned and certain items of equipment have been sold to Coppermine River Limited for \$1.00. The corporate status of Teshierpi Mines will be maintained until the claims have all lapsed and funds for this purpose have been provided by the developers subscribing for shares of Teshierpi Mines Limited at 50¢ per share.

PCE currently holds a total of 636,518 shares of Teshierpi of which 410,000 are escrowed.

4. In May 1968 the Company purchased a total of 50,000 shares of the capital stock of East Coppermine Exploration Company Limited at 40¢ per share. Subsequently in February, 1969 a further 44,180 shares of the capital stock of East Coppermine were issued to the Company to cover its additional contribution of \$25,000.00 to the exploration and development programme. The Company has recently advanced a further \$12,500.00 for exploration and development work and an appropriate number of shares in consideration therefor will be issued. The Company intends to continue to participate in the programme to the extent of a 10% interest.

5. In January 1969 the Company received a total of 131,966 shares of the capital stock of MuskoX Mines Limited in satisfaction for its cash contribution and actual expenditures of \$35,020.00 on the exploration and development programme. The claims held by MuskoX Mines Limited are situated on Victoria Island in the Northwest Territories. The Company does not intend to contribute any further monies to the programme.

6. The Company, as to a 45% interest, in participation with Noble Mines & Oils Limited and assigns and certain prospector interests has spent a total of \$34,599.26 to date on claims held by Heiberg Sulphur Mines Limited on Axle Heiberg Island in the Northwest Territories. A 45% interest in the vendor share consideration of Heiberg Sulphur Mines Limited will be issued to PCE.

7. The certain action in the Supreme Court of Ontario against the Company and its associates, as previously described in the Company's Information Circular dated June 16th, 1969, alleging claims for breaches of contract in the staking of certain mining claims in the Coppermine River Area of the Northwest Territories, was dismissed with costs. An appeal has been made by the Plaintiffs, but in the opinion of counsel for the Company the appeal is without merit.

8. The President of the Company and the Company are named as defendants (together with the other participants in a Syndicate known as the MuskoX Syndicate), in a Writ issued in the Supreme Court of Ontario, under the terms of which the Plaintiff claims that certain of the defendants are not entitled to an interest in the assets of MuskoX Syndicate or in shares of MuskoX Mines Limited. MuskoX Mines Limited was incorporated pursuant to the Syndicate Agreement. The action for an interim injunction was dismissed with costs. An appeal action has also been dismissed. Claims for declarations and a permanent injunction are pending but in the opinion of counsel for the Company, the Company has a valid defence to these claims.

9. During the 12 month period preceding the date of this Information Circular the Company has acquired the following mining claims:

(a) a total of 220 unpatented lode and placer mining claims were staked by the Company in the Lost River Area, Alaska, at an approximate cost of \$5,000.00, which mining claims have since been transferred to Lost River Mining Corporation Limited as herein described;

(b) by Agreement dated October 23rd, 1969, between the Company and C. Margaret Ackerley, Prospecting Agreement 1968-1969, as represented by Graham Milton Ackerley and Margaret I. Ackerley both of 330 Rumsey Road, Toronto, Ontario the Company acquired the sole and exclusive option to purchase a total of 150 unpatented mining claims located in three groups in Townships 5546, 5547 and 5049 in the Kaniapisku River Area, New Quebec for the total consideration of \$30,000.00 and 300,000 vendor shares of a new company. The Company paid the sum of \$10,000.00 in maintaining the option prior to abandoning same.

(c) a total of 26 claims were staked in Achook Island, Great Bear Lake, Northwest Territories on a 50-50 basis with Mariner Mines Limited. The Company's participation costs have amounted to \$1,594.37 to date.



(d) the Company has completed a programme of staking claims on Baffin Island to cover a lead-zinc prospect. A total of 1,942 claims have been staked at an approximate cost of \$66,000.00.

(e) the Company entered into an Agreement dated January 30th, 1970 with Messrs. Lenhart J. Grothe and Clayton T. Pearson both of Kodiak, Alaska, U.S.A. covering an option to purchase certain patented lode and placer mining claims and unpatented lode mining claims located in the Lost River Area of Alaska and all mining plant, buildings, machinery, tools, appliances and equipment located on the said mining claims and in the immediate vicinity thereof. This Agreement has been assigned by the Company to Lost River Mining Corporation Limited as set out above.



**PCE EXPLORATIONS LIMITED**  
**STATEMENT OF DEFERRED EXPLORATION**  
**AND ADMINISTRATIVE EXPENSES**  
**for the Six Months ended 31st July, 1970**  
 With Comparative Figures as at 31st July, 1969

	1970	1969
Balance — beginning of period	\$ 289,221.00	\$ 227,737.00
<b>Exploration Expenses</b>		
Engineering	20,696.00	4,335.00
General expenses	9,249.00	545.00
Prospecting supplies and expense	36,198.00	39,165.00
Surveys	1,914.00	7,145.00
Wages	57,783.00	23,742.00
Assaying	3,958.00	
Drafting	5,069.00	
Diamond drilling	54,711.00	
Travel	14,663.00	
Aircraft charges	36,219.00	
Telephone and telegraph	4,460.00	
Insurance	2,881.00	
Camp supplies	10,772.00	
	<u>\$ 258,573.00</u>	<u>\$ 74,932.00</u>
<b>Administrative Expenses</b>		
Accounting	\$ 2,356.00	\$ 2,292.00
Administration	6,000.00	6,000.00
Advertising	3,731.00	4,763.00
Employee benefits	555.00	496.00
Fees and licenses	1,729.00	629.00
General expense	2,646.00	4,526.00
Insurance	809.00	(2,052.00)
Interest and exchange	1,073.00	(232.00)
Legal and audit	1,687.00	1,694.00
Rent and office services	2,727.00	2,366.00
Shareholders information	6,639.00	8,563.00
Telephone and telegraph	5,028.00	2,871.00
Transfer agents fees	3,424.00	3,451.00
Travel expense	1,858.00	3,507.00
Wages	16,791.00	15,328.00
	<u>\$ 57,053.00</u>	<u>\$ 54,202.00</u>
Less: Interest on deposits	\$(23,901.00)	(25,419.00)
Sundry income	(9,651.00)	(3,060.00)
	<u>(33,552.00)</u>	<u>(28,479.00)</u>
	<u>\$ 23,501.00</u>	<u>\$ 25,723.00</u>
	<u>\$ 571,295.00</u>	<u>\$ 328,392.00</u>
	(757.00)	(16,915.00)
Less: Expenses written off	<u>\$ 570,538.00</u>	<u>\$ 311,477.00</u>

PCE  
EXPLORATIONS  
LIMITED

**INTERIM FINANCIAL REPORT**  
**FOR THE SIX MONTHS ENDED JULY 31, 1970**



To the Shareholders:

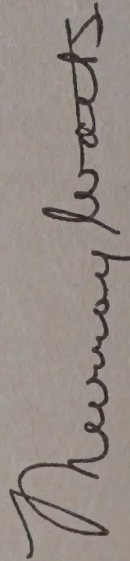
Enclosed with this review are unaudited financial statements of your company for the six months ended July 31, 1970, with comparative results for the same period in 1969.

Shareholders will be interested to learn that an affiliated company, Lost River Mining Corporation Ltd., is advancing its plans for exploration programs on separate tin-tungsten and fluorite-beryllium properties in Alaska.

Initial financing for the programs was supplied through an underwriting on 600,000 Lost River Mining treasury shares, of which PCE Explorations purchased 200,000 shares, at 50¢ per share. A further 400,000 Lost River shares, which were under option to PCE, were assigned to the underwriter and subsequently distributed to the public. Return to the Lost River treasury on sale of the total one million shares was approximately \$560,000.

Recently, PCE Explorations obtained approval for an underwriting agreement covering a total of 240,000 PCE shares. Of this total, 165,000 shares have been sold privately; the balance of 75,000 shares were offered to the public. Return to the PCE treasury from this underwriting would be approximately \$150,000.

On behalf of the board,



Murray Watts,  
President

Toronto, Ontario,  
September 21, 1970

## PCE EXPLORATIONS LIMITED

### BALANCE SHEET

As at 31st July, 1970

With Comparative Figures as at 31st July, 1969

#### ASSETS

	1970	1969
<b>Current Assets</b>		
Cash in bank	\$ 64,522.04	\$ 64,522.04
Deposit receipts	500,000.00	500,000.00
Notes receivable	149,859.00	149,184.00
Accounts receivable	11,242.11	2,031.49
and advances	800.00	500.00
Sundry deposits	\$ 401,901.11	\$ 716,237.53
<b>Investment in Unlisted Mining Companies</b>		
At cost	990,046.01	824,050.97
<b>Fixed Assets - at cost</b>		
Mining properties	\$ 182,075.00	228,837.00
Prospecting equipment	12,073.06	10,354.99
Motor vehicle		2,200.00
	\$ 194,148.06	\$ 241,391.99
<b>Other Assets and Deferred Expenditures</b>		
Interest in joint explorations	48,397.28	217,427.48
Deferred exploration and administrative expense	570,538.30	311,477.00
	\$ 618,935.58	\$ 528,904.48
	\$2,205,030.76	\$2,310,584.97
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank overdraft	\$ 3,308.77	
Accounts payable and accrued charges	22,636.80	\$ 7,879.06
	\$ 25,945.57	\$ 7,879.06
<b>SHAREHOLDERS' EQUITY</b>		
<b>Capital</b>		
Authorized 7,500,000 shares par value \$1.00		
Issued and fully paid		
6,990,000 (6,825,000 - 1969)	\$6,990,000.00	6,825,000.00
Premium on shares	789,312.50	789,312.50
	7,779,312.50	7,614,312.50
Less: Discount on shares	(4,467,390.84)	(4,401,390.84)
Deficit: Per statement	\$3,311,921.66	\$3,212,921.66
	(1,132,836.47)	(910,215.75)
	\$2,205,030.76	\$2,310,584.97

## PCE EXPLORATIONS LIMITED

### STATEMENT OF SOURCE AND APPLICATION OF FUNDS for the Six Months ended 31st July, 1970 With Comparative Figures as at 31st July, 1969

Source of Funds	1970	1969
Interest income	\$ 23,901.00	\$ 25,419.00
Misc. income	9,651.00	3,060.00
Sale of shares	99,000.00	
	\$ 132,552.00	\$ 28,479.00
<b>Application of Funds</b>		
Prospecting equipment	\$ 165.00	\$ 731.00
Mining lands and rights	10,738.00	15,500.00
Investment in shares of unlisted mining companies	159,179.00	65,000.00
Joint applications (decrease)	(162,650.00)	(9,508.00)
Exploration, administration expense	315,626.00	129,134.00
	\$ 323,058.00	\$ 200,857.00
<b>Increase (decrease) in working capital</b>		
Working capital beginning of period	\$(190,506.00)	\$(172,378.00)
	566,461.00	880,737.00
	\$ 375,955.00	\$ 708,359.00
<b>Current assets</b>		
<b>Current liabilities</b>		
	\$ 401,901.00	\$ 716,238.00
	(25,946.00)	(7,879.00)
	\$ 375,955.00	\$ 708,359.00